Form 49
[Rule 13.19]

COURT FILE NUMBER	1201-10693	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
APPLICANTS	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended** **AND IN THE MATTER OF HARVEST GROUP GP CORPORATION AND 16110822 ALBERTA LTD.**	
DOCUMENT	**AFFIDAVIT OF GARY BENTHAM SWORN JANUARY 8, 2013 (Approval Telford Lake Settlement)**	CLERK OF THE COURT FILED JAN - 8 2013 JUDICIAL CENTRE OF CALGARY
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**NORTON ROSE CANADA LLP** 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2 CANADA Phone: +1 403.267.8222 Fax: +1 403.264.5973 Attention: Howard A. Gorman Randal S. Van de Mosselaer File No. 01024442-0001	

I, Gary Bentham, of the City of Lethbridge, in the Province of Alberta, Businessman, SWEAR AND SAY THAT:

1 I am the Chief Restructuring Officer of Harvest Group GP Corporation ("**HGGP Corp.**"), and as such I have personal knowledge of the matters and facts deposed to herein except where it is stated to be based on information and belief and where it is so stated I do verily believe the same to be true.

2 HGGP Corp. and 1526610 Alberta Ltd. ("**152**") each acquired undivided 50% interests in Telford Lot 1 [as that term is defined in the Affidavit of Ronald Aitkens (the "**Aitkens Affidavit**") sworn on August 23, 2012 in the within proceedings] on or about June 9, 2010. On June 10, 2010 the parties entered into a Joint Venture Agreement (the "**JV Agreement**") for the purposes of developing Telford Lot 1.

3 Telford Lake (as that term is defined in the Aitkens Affidavit) consisted of two parcels: Telford Lot 1, comprising 47.69 acres, and Telford Lot 2 comprising 83.51 acres. On November 28, 2012, this Honourable Court granted an Order releasing the interests of HGGP and 152 in Telford Lot 2 to the mortgagee of Telford Lot 2, leaving Telford Lot 1 as the remaining asset covered by the JV Agreement

4 Under the terms of the JV Agreement each of the parties granted the other a $2.5 million collateral mortgage as security for the observance and performance of liabilities and obligations of the granting party under the JV Agreement.

5 152 has funded HGGP's share of certain development costs and debt servicing obligations, in the approximate amount of $686,000. HGGP is therefore indebted to 152 in this amount. In accordance with the terms of the JV Agreement, HGGP's debt to 152 is secured by the collateral mortgage granted by HGGP over its interest in Telford Lot 1.

6 By letter dated December 3, 2012, 152 provided HGGP with an offer (the "**152 Offer**") to purchase HGGP's interest in Telford Lot 1 for gross proceeds of $2,086,437.50, less amounts owing to 152 and certain third party lien claimants. A true copy of the letter from counsel for 152 setting out the 152 Offer is attached to this my affidavit as Exhibit "A". The gross purchase price represents a per acre price of $87,500 for the Telford Lot 1.

7 The December 6, 2012 deadline for the acceptance of the 152 Offer was extended by 152 to Decemberr 17, 2012. The 152 Offer was accepted by HGGP on December 17, 2012, subject to approval of this Honourable Court.

8 The 152 Offer was also subject a financing condition, which condition was waived by 152 on December 19, 2012.

9 I believe that the price for Telford Lot 1 contained in the 152 Offer is fair and reasonable. Telford Lot 1 has been appraised by Frost and Associates Realty Services at a value in the range of $85,000 - $90,000 per acre. HGGP obtained a second appraisal from Cowan and Associates indicating an estimated market value of $130,000 per acre. However, neither appraiser attempted to estimate the discount to market value that would be applied due to the undivided nature of the interests and the inherent difficulty of finding a purchaser for an undivided interest in Telford Lot 1.

10 In order to assess the validity of the valuation gap between the two appraisals, HGGP had both appraisals critiqued by Gettel Appraisals Ltd., an independent third party appraiser. Gettel concluded that the Cowan Appraisal was optimistic and that a value of $100,000 per acre would be more appropriate. I have relied on the Gettel critique in reaching my conclusion that the offered price of $87,500 is fair. Although it represents a 12.5% discount from the accepted fair value, I believe that is a reasonable in view of the assumed difficulty of securing a purchaser for the undivided interest.

11 In further support that the 152 Offer is fair, HGGP and 152 received an offer of $80,000 per acre from a major industrial developer in the Leduc area. Not only was the price in this offer inferior, but in addition that offer contained payment terms over two years making that offer even more inferior to the cash offer at hand.

CONCLUSION

12 I make this affidavit in support of an application seeking approval of the 152 Offer, and for the other relief set out in the Application.

SWORN BEFORE ME at Calgary, Alberta, this 8th day of January, 2013.

Commissioner for Oaths in and for the Province of Alberta

GARY BENTHAM

ROBERTA SUTHERLAND SAVARD
My Commission Expires November 22, 2014

THIS IS EXHIBIT "A"
referred to in the Affidavit of
GARY BENTHAM
Sworn before me this 8th
day of JANUARY A.D. 2013

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

ROBERTA SUTHERLAND SAVARD
My Commission Expires November 22, 2014

PARLEE McLAWS LLP
BARRISTERS & SOLICITORS | PATENT & TRADE-MARK AGENTS

December 3, 2012

BRENT W MESCALL
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EMAIL: bmescall@parlee.com
OUR FILE #: 70901.1/GSW

VIA EMAIL

Norton Rose Canada LLP
400, 3rd Ave SW
Calgary, AB T2P 4H2

WITHOUT PREJUDICE

Attention: Randal Van de Mosselaer/Howard Gorman

Dear Sirs:

Re: Harvest Group GP Corporation ("Harvest Group")

We trust that, having reviewed the Cowan & Associates Appraisal, you and your client, Harvest Group, agree that the Cowan Appraisal does not reflect a realistic valuation of the Phase I Joint Venture Lands. We believe that the valuation by our client's appraiser, Brad Daviss of Frost & Associates Realty Services Inc., which concludes the land has a value range of $85,000 to $90,000 per acre, is a much more realistic assessment of the market value, as Mr. Daviss has substantiated his valuation by reference to land sales in the area. We have had Mr. Daviss review the Cowan Appraisal and would be happy to discuss his comments on the same.

In the interest of resolving the dispute between our client, 1526610 Alberta Ltd. ("152"), and Harvest Group regarding the Phase I Joint Venture Lands, 152 offers to purchase the Harvest Group's interest in the joint venture on the following terms:

(a) 152 shall pay $2,086,437.50 ($87,500 per acre) to purchase the 50% interest held by Harvest Group in the Phase I Lands, legally described as:

Plan 1026379,
Block B, Lot 1,
containing approximately 19.3 hectares
(47.69 acres),

(registered as title number 102 431 893, with 152 and Harvest Group as the registered owners as tenants in common)

[47.69 acres @ $87,500 per acre divided by 2 = $2,086,437.50];

(b) 152 shall deduct from the purchase price the following amounts:

  (i) $720,000 plus interest at 6% per annum interest;

  (ii) $20,540, representing the Scheffer Andrew lien amount; and

  (iii) $20,578, representing 50% of the Wedler Engineering lien amount;

(c) This offer is conditional upon 152 obtaining financing of the purchase price within sixty (60) days of the acceptance of this offer; and

(d) Acceptance of this offer shall be subject to court approval, which shall provide that 152 receive title to the property free and clear of all encumbrances and charges.

We believe that this offer is an extremely fair offer in the mid-range of the appraised market value and would likely exceed the amount that a third party purchaser would be prepared to pay to acquire Harvest Group's interest in this land, given that the sale of partial interests in land often do not realize full market value. We also believe that it is in the best interest of the Harvest Group to sell their interest in the joint venture land to reduce the continually accruing interest charges and fees of the Monitor, CRO and legal fees in dealing with the joint venture issues.

Our client's offer is open for acceptance until 4pm on Thursday, December 6, 2012.

May we please hear from you once you have had an opportunity to discuss this offer with your client.

Yours truly,

PARLEE McLAWS LLP

Brent Mescall

BRENT W. MESCALL

c.c.: G. Scott Watson